



NOVEMBER 18, 2014
CITY COUNCIL STUDY SESSION
400 East Military
Fremont NE 68025
5:30 p.m.

AGENDA

1. Meeting called to order
2. Roll call
3. Tax Increment Financing
4. Continued discussion on 23rd/Bell Street/Yager Road
5. Adjournment

Agenda posted at the Municipal Building on November 21, 2014 and online at www.fremontne.gov. Agenda distributed to the Mayor and City Council on November 21, 2014. The official current copy is available at City Hall, 400 East Military, City Clerk's Office. The City Council reserves the right to go into Executive Session at any time. A copy of the Open Meeting Law is posted in the City Council Chambers for review by the public. The City of Fremont reserves the right to adjust the order of items on this agenda.

TAX INCREMENT FINANCING GUIDELINES FREMONT, NEBRASKA

STATEMENT OF PURPOSE

These guidelines outline the use of Tax Increment Financing (TIF) in the City of Fremont. Fremont's purpose in the use of TIF is to remove blight, stimulate investment in deteriorating areas and stimulate job creation.

TIF is a state authorized public funding mechanism for cities to use to help pay for public improvements associated with redevelopment projects in blighted and substandard areas. The Nebraska Community Development Law, Neb. Rev. Stat. §§18-2101, et seq., (the "Act") authorizes communities to designate blighted and substandard areas that have a preponderance of deteriorating buildings, high unemployment, old structures, unimproved land, low-income residents, and/or a declining population along with other factors as eligible for the use of TIF. The Act limits Fremont from declaring more than 35 percent of a city's geographic area to be declared blighted or substandard for the purpose of TIF financing.

WHO IS IN CHARGE OF THE TIF DETERMINATIONS

The Community Development Agency (CDA) is the Redevelopment Authority for the City of Fremont. All projects are subject to final review and approval by the City Council.

HOW IS THE TIF DETERMINED

To be eligible to use TIF, the property must be in an area that has been declared blighted and substandard and must have a redevelopment plan that is recommended by the CDA and approved by the City Council.

The assessed value of the property in a redevelopment area as it existed one year before the project begins is the "base tax year value". An estimate, based on an appraisal, is made to determine the future assessed value of the property after the redevelopment. The difference between the original assessed value and the redeveloped assessed value is called the "tax increment." If the assessed value of the property after the redevelopment is less than the estimated "post-development value", it is the developer's obligation to pay the difference between the estimated "tax increment" and the actual "tax increment."

Property taxes are paid by the property owner on the new assessed value of the redeveloped property. All property taxes on the base year value continue to be distributed to the local tax authorities (FPS, City, County, NRD, MCC, etc.) The property tax collected on the tax increment is commonly used to finance bonds issued by the City to pay for public improvements. When the TIF indebtedness is paid in full, not to exceed 15 years after inception, the local tax authorities then receive the additional property tax revenue resulting from the redevelopment.

An example of how TIF could work is to take a project that is proposed to be developed. The predevelopment property value is \$100,000.00. After redevelopment, the project is then valued at \$600,000.00. The property taxes on the original value of the project (\$100,000.00) would continue to be paid to the local taxing entities for a period of years for which up to fifteen (15) years are allowed. The TIF provision allows the property taxes on the increased value (\$500,000.00) to be paid to the CDA and invested back into public improvements for the project. Some of the common uses of the redirected TIF revenue are to retire annual principal and interest payments for debt, and fund infrastructure improvements for the project.

At the end of the TIF period, the entire tax on the redevelopment project would become part of the general tax base. At that time all of the property tax on the project is directed to the local taxing entities.

WHERE IS THE TIF ELIGIBLE TO BE USED

Fremont blighted/substandard districts are:

Downtown Redevelopment Area

The legal description for the Downtown Redevelopment Area is described as Block 203 located north of the former C & NW Railroad Right-of-Way, Block 204 and Lots 3, 4, 5 and 6 in Block 205, together with adjoining vacated alleys; Blocks 185, 184, 183 and Lots 5 and 6, Block 182, together with adjoining vacated alleys; Blocks 171, 172, 173, 174 and Lots 4, 5 and 6, Block 175, together with adjoining vacated alleys; Blocks 156, 155, 154, 153 and Lots 2 thru 6 inclusive, Block 152, together with adjoining vacated alleys; Lots 1 and 2, Block 140, the North 46.66 feet of the East 15.5 feet of Lot 7 and the North 46.66 feet of Lot 8, Block 140, Blocks 141, 142, 143, 144 and Lots 3, 4, 5, and the West 59 feet of Lot 6, Block 145, together with adjoining vacated alleys; Blocks 126, 125, 124, 123, and Lots 3, 4 and 5, Block 122, together with adjoining vacated alleys; The South 44 feet of Lots 9 and 10, Block 111, Blocks 112, 113, 114 and Lots 5 and 6 and the South 10.5 feet of Lots 3 and 4, Block 115, together with adjoining vacated alleys; Tax Lot 564, Block 212; all in the Original Town and Turner Square Subdivision Lot 1 and Lot 2.

Morningside

From the Point of beginning at the northwest corner of Iowa Rail Road Land Company Tax Lots 122 & 123; thence east along the south edge of the Union Pacific Rail Road right of way to the north west corner of Missouri Valley Land Company Lot 11 Section 24 Township 17 Range 8; thence south to the southwest corner of Missouri Valley Land Company Lot 11, Section 24 Township 17 Range 8; thence east along a line parallel to Morningside Road to South Johnson Road; thence north on South Johnson Road to the northwest corner of Tax Lot 26 and Part of Tax Lot 22, Section 19 Township 17, Range 9; thence northeast along the south edge of the Union Pacific Railroad right of way to the northeast corner of Tax Lot 26 & Part of Tax Lot 22, Section 19 Township 17, Range 9; thence south along the west right of way of Nebraska Department of Roads Highway 275 right of way to the Morningside Road right of way; thence west along Morningside Road to the intersection of Old Highway 8 and Morningside Road; thence southeast to the southeast corner of Tax Lot 21 Section 25 Township 17 Range 8; thence west along a line parallel to Morningside Road to Jones Street; thence south along Jones Street to the southeast corner of Rail Road Subdivision Part Lots 1 & 2 Tax Lot 77 Section 25 Township 17 Range 8; thence northwest along the Highway 275 right of way; concluding at the northwest corner of Iowa Rail Road Land Company Tax Lots 122 & 123.

23rd and Bell Redevelopment Area

The 23rd and Bell Street area contains an estimated 219 acres located in northeast Fremont from the point of beginning at the west right of way of North Platte Ave and the southeast corner of Northside Block 17; thence continuing north along the west right of way of North Platte Avenue and continuing along the west property line of Lewis Addition Lots 1, 3 and 2 to the south property line of Rodamar Addition Replat 1 Lot 6; thence continuing west to the southwest corner of Rodamar Addition Replat 1 Lot 6; thence continuing north along the west property line of Rodamar Addition Replat 1 Lot 6 and Rodamar Addition Replat 1 Lot 2 to the northwest corner of Rodamar Addition Replat 1 Lot 2; thence continuing east along the north property line of Rodamar Addition Replat 1 Lot 2 to the west right of way of North Yager Road/CR-46; thence continuing north along the west right of way of North Yager Road/CR-46 to the northeast corner of Rodamar Addition Replat 1 Lot 7; thence continuing west along the north property line of Rodamar Addition Replat 1 Lot 7 to the southeast corner of Fountain Springs Addition Lot 1 Block 2; thence continuing north along the east property line of Fountain Springs

Addition Block 2 and Fountain Springs Addition Lot 1 to the north right of way of 29th Street; thence east along the north right of way of 29th Street to the southwest corner of Fountain Springs 2nd Lot 2; thence north along the west property line of Fountain Springs 2nd Lot 2 to the northwest corner of Fountain Springs 2nd Lot 2; thence continuing west along the north property line of Fountain Springs 2nd Lot 1 and Fountain Springs Addition Lot 1 Block 1 to the northwest corner of Fountain Springs Addition Lot 1 Block 1 and the east property line of Shalimar 6th Lot 1; thence continuing north along the east property line of east property line of Shalimar 6th Lot 1 until it intersects with the half section line of SE1/4 Section 11 Township 17 Range 8E; thence continuing along east along the half section line of the N1/2 SW1/4 Section 12 Township 17 Range 8E to the northeast corner of Fremont Technology Park Outlot B; thence continuing south along the east along the property line of Fremont Technology Park Outlot B to the southeast corner of Fremont Technology Park Outlot B; thence continuing west along the south property line of Fremont Technology Park to a point intersecting a line extending north from the west right of way of North Lincoln Avenue; thence continuing south along the west right of way of North Lincoln Avenue to the northeast corner of Lincoln Park Addition Lot 3; thence continuing west along the north property line of Lincoln Park Addition Lot 3 to the northwest corner of Lincoln Park Addition Lot 3; thence continuing south along the west property line of Lincoln Park Addition Lot 3 to the southwest corner of Lincoln Park Addition Lot 3; thence continuing west to the east boundary line of the W1/2 of SW1/4 of SW1/4 Section 12 Township 17, Range 8E; thence continuing south along the east boundary line of the W1/2 of SW1/4 of SW1/4 Section 12 Township 17 Range 8E to the north right of way of East 23rd Street; thence continuing east approximately 88 feet to a point intersecting a line extending north from the east right of way to North Clarmar Avenue; thence continuing south across 23rd Street and the east right of way of North Clarmar Avenue to the southwest corner of Fair Acres 5th Replat Lot 4; thence continuing west across North Clarmar Avenue and the south boundary of Fair Acres 2nd Addition Block 5 to the east right of way of North Yager Road; thence continuing south along the east right of way of North Yager Road to a point of intersection with the south right of way of East 19th Street; thence continuing west along the south right of way of East 19th Street to the point of beginning at the west right of way of North Platte Ave and the southeast corner of Northside Block 17.

WHAT PROJECT IS ELIGIBLE FOR TIF FUNDING

To be considered eligible for TIF financial support, ALL projects must meet the following criteria, as required by Neb. Rev. Stat §§18-2101 et seq.:

1. The project must be located in an area declared blighted and substandard by the City Council.
2. The project must be in conformance with the City's Comprehensive Plan and the Redevelopment Plan for the project area.
3. The developer must demonstrate that the project would not be economically feasible without TIF. This is commonly called the "but for" test, meaning the project would not occur as designed or envisioned, "but for" the availability of the TIF funding.

TIF PROJECT GOALS FOR FREMONT

- Benefit low and moderate-income people or areas.
- Redevelops a building or site that displays a preponderance of substandard conditions or blight as defined by Nebraska State law.
- Redevelops a site that has displayed a pattern of declining real property assessments, as measured by the Dodge County Assessor's Office.
- Rehabilitates a designated city landmark, a building listed on or eligible for listing on the National Register of Historic Places, or a building located within a local landmark district.
- Shows exceptional potential to attract additional reinvestment in adjacent blighted or substandard areas.
- Develops new housing opportunities in downtown or a low-to-moderate income neighborhood or

further housing development in blighted areas for low-to-moderate income needs.

- The project relocates an existing business from an area where it: is incompatible with existing or proposed zoning; improves traffic flow; or addresses other conflicts that require relocation.
- The project involves a new business or the expansion of existing businesses that add to Fremont's existing tax base.

The City, in furtherance of appropriate growth may include adjacent or nearby sites in a project area in addition to the primary employer's site. Residential areas should not be typically used to generate funds for TIF projects. Nothing in the policy limits the power of the City to exercise its redevelopment authority in furtherance of appropriate growth.

NEB. REV. STAT §§18-2101 et seq. ALLOWABLE USES OF TIF INCREMENT FINANCING:

Eligible expenditures listed in the Act include:

1. Acquisition and site preparation of redevelopment sites including demolition, grading, environmental remediation and related work prior to construction of the project and costs associated with relocation.
2. Public improvements associated with a redevelopment project, including the design and construction of public arterial streets, sidewalks, alleys, water, sewer, street lights, the design and construction of public parking; the design and installation of public streetscape amenities; and the preservation of historic facades.

DOWNTOWN REDEVELOPMENT AREA



23rd and Bell Redevelopment Area

